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UNCLAS SECTION 01 OF 02 LIMA 000976

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DEPT FOR WHA, PASS AID

E.O. 12958: N/A

TAGS: [PGOV](#) [ECON](#) [EAID](#) [PE](#)

SUBJECT: AMBASSADOR'S TRIP TO AYACUCHO

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11. (SBU) Ambassador visited Ayacucho February 17-19, as part of a series of trips aimed at raising public awareness throughout Peru regarding potential benefits of a free trade agreement with the U.S. In the course of contacts with public officials and opinion leaders in Ayacucho, this trip also proved valuable as an opportunity to observe the way in which this Region is managing to recover from the violence resulting from Sendero Luminoso's campaign of internal warfare during the 80s and 90s.

12. (SBU) The effects of the violent years in Ayacucho are still evident. Archbishop Luis Sebastiani told Ambassador that the populace was still "emotionally ill," and that the chief mission of the Catholic Church in the Region is to heal these enduring wounds, and bring about reconciliation. Community leaders recognize the importance of the report of Peru's Truth and Reconciliation Commission as a step in the right direction, but there is still a sense that this is a task only half done - the TRC report documented the impact of the SL-led rebellion and the resulting counterinsurgency, but little has been done in terms of individual or communal reparations, and Peruvian state presence remains weak. Local commanders of the Army and the Peruvian National police also felt that the TRC had been unduly influenced by left-wing input, and had excessively blamed the security forces for human rights abuses that occurred in the process of returning stability to the area. However, the Army commander acknowledged that the Armed Forces have little luck recruiting soldiers from Ayacucho because of widespread bitterness towards the military.

13. (SBU) After hearing comments at a lunch Ambassador hosted on 2/16 for Congresswoman Celina Palomino, local government officials, and business representatives, we were left with the impression that there was no consensus among the community's leaders about how to extract Ayacucho from its marginalized situation; in fact, this was the first time many of these individuals had sat down together to exchange ideas about a common development strategy. The Regional Presidency focused mainly on building roads and other infrastructure outside of Ayacucho City; the Mayor's Office wanted to put Ayacucho back into the tourism circuit that it was a part of prior to the violent years, but was frustrated by the lack of air carrier service; private sector representatives seemed on the whole demoralized by the stagnant economy. One ray of hope was the campaign being organized by the Competitiveness Center and the Peace Commissioner to change the public image of Ayacucho from an impression of lingering disorder to one of a welcoming destination for tourism and investment. Congresswoman Palomino pledged to lend her support to the initiative, and the Embassy will seek to find ways to contribute as well.

14. (SBU) The Q and A session after the Ambassador's 2/16 talk on the FTA at the Peruvian Chamber of Commerce workshop gave an indication of the persistence of some of the philosophical bias that allowed SL to flourish in Ayacucho for so many years. Many of the questions addressed to the Ambassador after his presentation displayed a lack of understanding of entrepreneurship and a free market economy, and questioned USG motives in the FTA and our counter-narcotics program. The questions provided the Ambassador with an opportunity to respond and made the session valuable. The Ambassador directly dispelled as unfounded the rumors circulated by USG opponents that we are spraying Peruvian coca and thereby sickening innocent peasants, or that we have military bases in Peru's jungle region.

15. (SBU) The balance of our impressions is that Ayacucho suffers from the equivalent of metal depression. A collective sense of "oh well, what can we do" hangs over the province and threatens to hold one of Peru's most backward areas in place while adjacent coastal areas boom. That is not to say there are no harbingers of hope. Though per capita income is less than half of Peru's average, and many farm families own properties of only one or two hectares, the Ambassador visited USAID projects that have achieved success in promoting cash generation through the commercialization of sweet pepper, avocado, and honey. The Competitiveness Center in Ayacucho has identified 15

products that are already being exported from the region. Bringing economic opportunity to the Region on a wide scale will require a continuous focus by the GOP and local officials to maintain and improve marketing infrastructure. This point was made by the participants of the FTA meeting, who made it clear that they wanted improved infrastructure, not handouts. Security issues will continue to be an important factor in order to bring about assurances of stability. Local officials do not expect a resurgence of Sendero, but there is still a sense that Ayacucho is a community on edge: large-scale protests are common, and the Police commander pointed to the presence of about 200 members of the ultra-nationalist Humala movement as a potentially destabilizing factor.

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